

# EXHIBIT 13

## Fairfield Sentry Limited

### Semi-Annual Update

3rd & 4th Quarters, 2004

February 25, 2005

Dear Investor:

Fairfield Greenwich (Bermuda) Ltd. ("FG Bermuda"), the Investment Manager of Fairfield Sentry Limited ("Sentry," or the "Fund"), is pleased to provide you with the following semi-annual update on the progress of the Fund and the Seeding Initiative (the "Initiative").

#### Overall Performance

Since its inception in November 1990, the Fund has continued to protect investors' capital and deliver superior risk adjusted performance through the implementation of a market timing strategy known as the split-strike conversion (the "Strategy").

Commencing October 1, 2004, the Class A Shares of the Fairfield Sentry Limited, Fairfield Lambda Limited, and Fairfield Sigma Limited (the "Sentry Funds") began charging a 1% per annum management fee, as authorized by the Board of Directors of the Sentry Funds in May 2004.

During the six month period ending December 2004, the former Class A Shares of Sentry posted a net return of 3.03% and the former Class B shares posted a net return of 2.82%. For the 2004 calendar year, Sentry delivered a return in line with the S&P 100 Index but with only a fifth of the volatility (see Figure III).

Figure I presents a drawdown table for the Fund and ranks the realized drawdowns over the Fund's 15 year history from most to least severe. The length of each drawdown and subsequent recovery period are also listed. Notably, in each of the seven months of the Fund's performance record when a drawdown occurred, the drawdown only lasted one month and recovery was achieved the following month (the only exception was in December of 2002, when recovery took two months).

Similarly, Figure II presents a summary of the Fund's consecutive gains and communicates the strong positive performance persistence characteristics realized by the Strategy over time. Between September 1995 and July 2002, the Fund posted an uninterrupted run of 83 consecutive gaining months, delivering about 134% in return over roughly six and a half years. More recently, the Fund has not had a losing

month since November 2003 (when it lost 0.08%) and has returned 7.42% in the last 13 months.

Figure I: Drawdown Table

Drawdown	Length in Months	Recovery in Months	Peak	Valley
-0.55%	1	1	Oct-94	Nov-94
-0.36%	1	1	Jan-94	Feb-94
-0.27%	1	2	Dec-02	Jan-03
-0.19%	1	1	Apr-92	May-92
-0.16%	1	1	Jul-95	Aug-95
-0.08%	1	1	Oct-03	Nov-03
-0.06%	1	1	Jul-02	Aug-02

Source: FGG

Figure II: Consecutive Gains Table

Run-Up	Length in Months	Start Date	End Date
133.99%	83	Sep-95	Jul-02
30.85%	17	Dec-90	Apr-92
22.14%	20	Jun-92	Jan-94
9.38%	8	Mar-94	Oct-94
8.46%	8	Dec-94	Jul-95
8.24%	9	Feb-03	Oct-03
7.42%	13	Dec-03	Dec-04
1.08%	4	Sep-02	Dec-02

Source: FGG

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### Semi-Annual Update

3rd & 4th Quarters, 2004

The Strategy entails the purchase of a basket of large-cap U.S. equities and the simultaneous implementation of an options collar consisting of long put options and short call options.

For the last six months of 2004, Sentry generated about \$201 million in gross trading profits from the Strategy, with both equities and U.S. T-Bill interest posting gains, and options positions incurring losses. For the full year, the stock basket added about \$400 million to gross trading profits and accounted for some 93% of net income earned during the year (see Charts I and II on page 3).

**Figure III: Sentry Returns vs. Selected Indices**

	Q3 2004	Q4 2004	2004	Risk <sup>*</sup>
<b>Sentry<sup>**</sup></b>	1.95%	1.06%	7.08%	1.48%
<b>S&amp;P 100 Index<sup>***</sup></b>	-2.97%	8.12%	6.43%	6.72%
<b>Lehman Agg.</b>	3.20%	0.95%	4.33%	4.09%

Source: FGG, Bloomberg.

<sup>\*</sup> Risk is measured by trailing 12 month standard deviation

<sup>\*\*</sup> Sentry performance relates to former Class A shares.

<sup>\*\*\*</sup> Calculated with dividends reinvested

### Seeding Initiative

The Seeding Initiative has now been a feature of Sentry since October 1, 2002. To date, the Fund has made initial allocations totaling \$120 million to four managers: Fairfield Redstone Fund, Ltd. ("Redstone"), Fairfield Schlarbaum Offshore Fund Ltd. ("Schlarbaum"), EMF Corporate Bond Arbitrage Fund, Ltd. ("EMF"), and most recently Fairfield Briscoe Senior Capital Fund, Ltd. (collectively, the "Seedlings"). Currently two managers remain in the Initiative, EMF and Fairfield Briscoe Senior Capital Fund, Ltd., which constitute approximately 1.24% of Sentry's portfolio.

In August (at inception) and December 2004, the Fund invested \$40 million in two installments in its newest Seedling manager, Fairfield Briscoe Senior Capital Fund, Ltd. ("Briscoe"). This fund invests in floating senior secured U.S. loans and has performed well since its seeding, returning 3.84% during the last 5 months of 2004 (see Figure IV).

Other developments during the year include the transition out of the Initiative of Redstone and Schlarbaum. Redstone "graduated" in May 2004, and is now a core fund on the FGG platform. In tracking the development of Schlarbaum and its manager, we became somewhat disappointed in the evolution of their business model and the fund's performance. Consequently, Sentry redeemed its investment in Schlarbaum at the end of the third quarter.

Collectively, the Seedlings have performed well, together returning more than 15% since inception of the Initiative on October 1, 2002. We are pleased that their performance has been mildly accretive to Sentry, adding approximately 0.02% to Sentry's return from inception to date.

As part of the Initiative, the Fund will continue to invest a small portion of its assets with experienced management teams seeking to establish new fund businesses. This remains limited to an aggregate of no more than 5% of the Fund's assets.

**Figure IV: Seeded Funds Returns vs. Indices**

	Q3 2004	Q4 2004	2004	Risk
<b>Briscoe<sup>**</sup></b>	0.71%	3.11%	3.84%	1.29%
<b>CSFB Leveraged<sup>**</sup></b>	0.54%	1.51%	2.06%	3.62%
<b>Schlarbaum<sup>***</sup></b>	-0.25%	NA	-4.05%	3.55%
<b>S&amp;P 600<sup>***</sup></b>	-1.60%	12.75%	7.82%	11.98%
<b>EMF</b>	0.04%	0.15%	2.74%	0.97%
<b>Lehman Agg.</b>	3.20%	0.95%	4.33%	4.09%

Source: FGG, Bloomberg

<sup>\*\*</sup> Performance based on Aug – Dec 2004

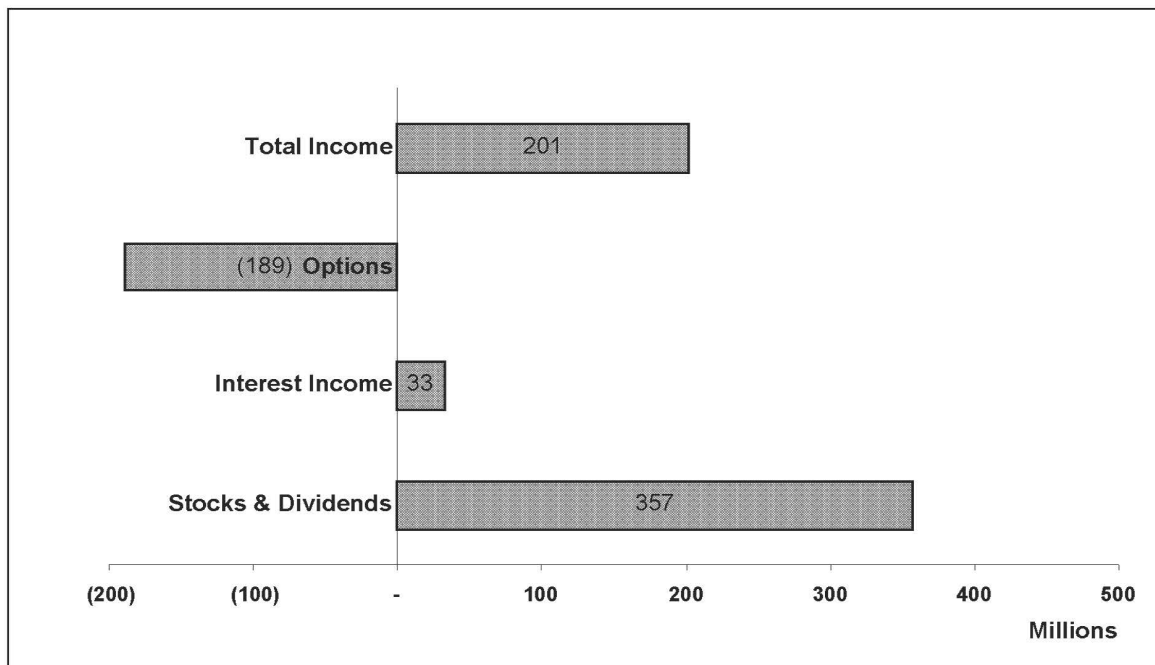
<sup>\*\*\*</sup> Performance based on Jan – Sept 2004

# Fairfield Sentry Limited

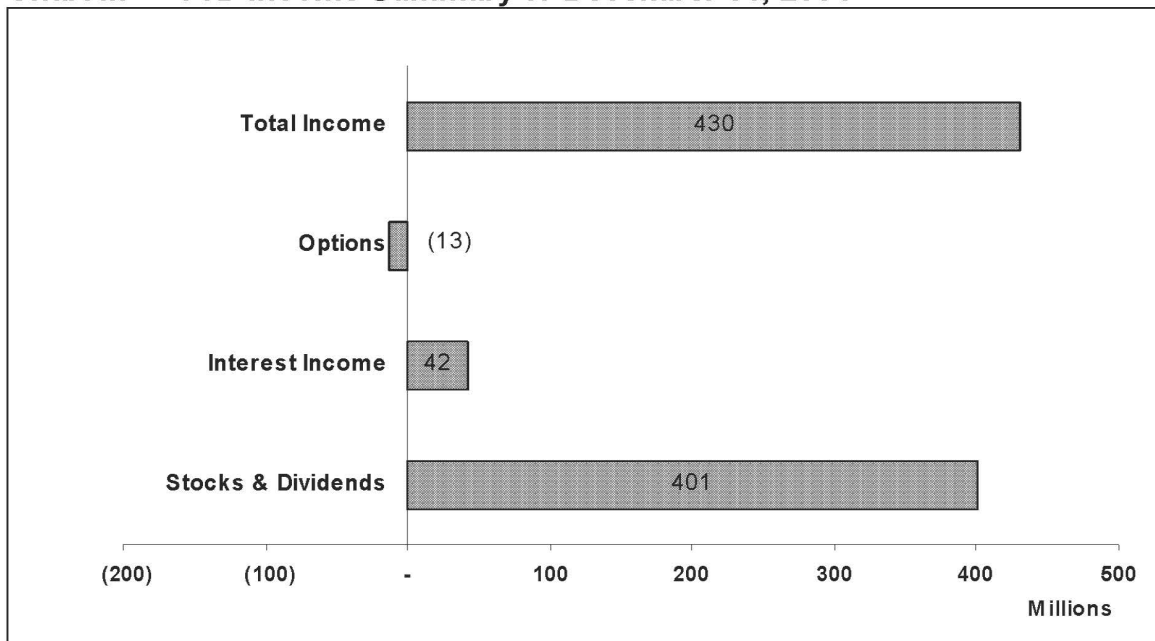
Semi-Annual Update

3rd & 4th Quarters, 2004

**Chart I: Income Summary for Six Months Ended December 31, 2004**



**Chart II: YTD Income Summary to December 31, 2004**



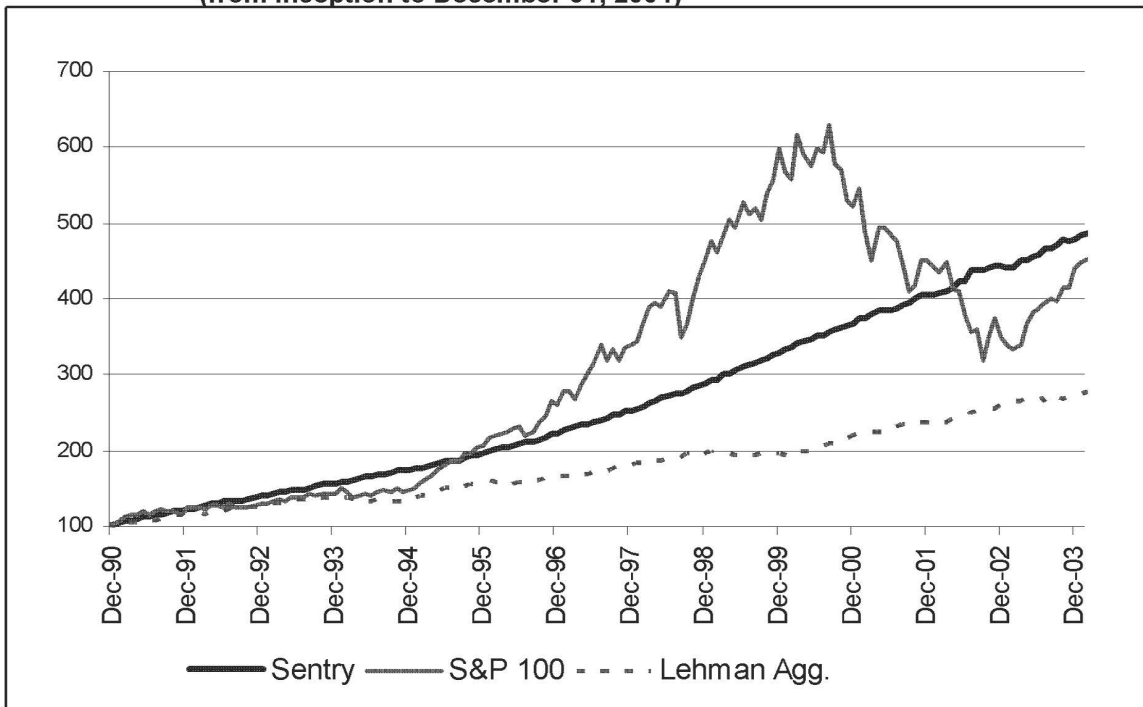
Source FGG

## Fairfield Sentry Limited

Semi-Annual Update

3rd & 4th Quarters, 2004

**Chart III: Unit Value Growth of Sentry vs. S&P 100 Index vs. Lehman Brothers Aggregate Bond Index ("Lehman Agg.")**  
(from inception to December 31, 2004)



Source: FGG

If you have any questions regarding the foregoing or Sentry, or any other FGG fund, please contact your FGG representative. We thank you for your support, and look forward to continuing to serve your alternative investing needs.

Sincerely,

Fairfield Greenwich (Bermuda) Ltd.

### Notes and Disclaimers

The Fund's performance results presented in this document are net of all fees and expenses. Past performance is not necessarily indicative of future results. No representation is made that an investor will obtain similar results to those shown above. Effective October 1, 2004, the Fund began charging investors a 1% management fee plus a 20% performance fee. Returns prior to October 2004 reflect only a 20% performance fee.

No information provided herein shall constitute, or be construed as, an offer to sell or a solicitation of an offer to acquire any security, investment product or service, nor shall any such security, product or service be offered or sold in any jurisdiction where such offer or solicitation is prohibited by law or regulation. Recipients of this document who intend to apply for shares in Sentry or any FGG Fund are reminded that any such application may be made solely on the basis of the information and opinions contained in such Fund's Offering Memorandum.